

HOUSE BILL 965

Q3

2lr0586

By: **Delegates Barve and Branch**

Introduced and read first time: February 10, 2012

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2012

CHAPTER _____

1 AN ACT concerning

2 **Income Tax Credit – General Services Administration Schedules Program –**
3 **Preparation Expenses**

4 FOR the purpose of allowing an individual or a corporation to claim a credit against
5 the State income tax in a certain amount for qualified preparation expenses
6 related to certain General Services Administration program applications and
7 contract proposals; providing for the application to the Department of Business
8 and Economic Development for approval of the credit and certification to
9 taxpayers of approved credit amounts; limiting the total amount of credits that
10 the Department may approve for any calendar year to a certain amount;
11 requiring the Department to approve a prorated credit for each applicant if the
12 total amount of credits applied for exceeds the maximum amount that may be
13 approved; requiring certain individuals or certain corporations to file amended
14 tax returns in a certain manner to claim a certain tax credit; providing that the
15 credit may not exceed the State income tax for the taxable year and that any
16 unused credit may not be carried over to any other taxable year; requiring the
17 Comptroller to report certain information regarding the credit to the Governor
18 and the General Assembly each year; providing for the application of this Act;
19 defining certain terms; and generally relating to an income tax credit for
20 preparation expenses related to certain General Services Administration
21 programs.

22 BY adding to
23 Article – Tax – General
24 Section 10–731

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland
2 (2010 Replacement Volume and 2011 Supplement)

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
4 MARYLAND, That the Laws of Maryland read as follows:

5 **Article – Tax – General**

6 **10-731.**

7 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
8 MEANINGS INDICATED.

9 (2) “DEPARTMENT” MEANS THE DEPARTMENT OF BUSINESS AND
10 ECONOMIC DEVELOPMENT.

11 ~~(2)~~ (3) (I) “GSA SCHEDULES PROGRAM” MEANS THE
12 GENERAL SERVICES ADMINISTRATION PROGRAM PRESCRIBED IN PART 38 AND
13 SUBPART 8.4 OF THE FEDERAL ACQUISITION REGULATION UNDER TITLE 48 OF
14 THE CODE OF FEDERAL REGULATIONS.

15 (II) “GSA SCHEDULES PROGRAM” INCLUDES:

16 1. CONTRACTS FOR SUPPLIES AND SERVICES
17 AWARDED UNDER THE FEDERAL SUPPLY SCHEDULE PROGRAM MANAGED BY
18 THE GENERAL SERVICES ADMINISTRATION PURSUANT TO 41 U.S.C. §
19 259(B)(3)(A); AND

20 2. CONTRACTS FOR SUPPLIES AND SERVICES
21 AWARDED BY THE GENERAL SERVICES ADMINISTRATION OR THE DEPARTMENT
22 OF VETERANS AFFAIRS UNDER THE MULTIPLE AWARD SCHEDULE PROGRAM
23 PURSUANT TO 40 U.S.C. § 501 AND 41 U.S.C. § 251.

24 ~~(3)~~ (4) “QUALIFIED PREPARATION EXPENSES” MEANS THE
25 ORDINARY AND NECESSARY TRADE OR BUSINESS EXPENSES PAID OR INCURRED
26 DURING THE TAXABLE YEAR RELATED TO THE PREPARATION OF GSA
27 SCHEDULES PROGRAM CONTRACT PROPOSALS OR GSA SCHEDULES PROGRAM
28 APPLICATIONS.

29 (5) “SECRETARY” MEANS THE SECRETARY OF BUSINESS AND
30 ECONOMIC DEVELOPMENT.

31 (B) AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST
32 THE STATE INCOME TAX AS PROVIDED UNDER THIS SECTION FOR QUALIFIED

1 PREPARATION EXPENSES RELATED TO GSA SCHEDULES PROGRAM CONTRACT
2 PROPOSALS OR GSA SCHEDULES PROGRAM APPLICATIONS.

3 (C) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
4 SECTION MAY NOT EXCEED 50% OF THE QUALIFIED PREPARATION EXPENSES
5 INCURRED BY AN INDIVIDUAL OR A CORPORATION.

6 (2) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT
7 EXCEED THE STATE INCOME TAX FOR THAT TAXABLE YEAR, CALCULATED
8 BEFORE THE APPLICATION OF THE CREDITS ALLOWED UNDER THIS SECTION
9 AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE BUT AFTER THE APPLICATION
10 OF THE OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.

11 (3) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE
12 YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

13 (D) (1) BY SEPTEMBER 15 OF THE CALENDAR YEAR FOLLOWING THE
14 END OF THE TAXABLE YEAR IN WHICH THE QUALIFIED PREPARATION EXPENSES
15 WERE INCURRED, AN INDIVIDUAL OR A CORPORATION SHALL SUBMIT AN
16 APPLICATION TO THE DEPARTMENT FOR THE CREDIT ALLOWED UNDER THIS
17 SECTION.

18 (2) (I) THE TOTAL AMOUNT OF CREDITS APPROVED BY THE
19 DEPARTMENT UNDER THIS SECTION MAY NOT EXCEED \$100,000 FOR ANY
20 CALENDAR YEAR.

21 (II) IF THE TOTAL AMOUNT OF CREDITS APPLIED FOR BY
22 ALL INDIVIDUALS AND CORPORATIONS UNDER THIS SECTION EXCEEDS THE
23 MAXIMUM SPECIFIED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE
24 DEPARTMENT SHALL APPROVE A CREDIT UNDER THIS SECTION FOR EACH
25 APPLICANT IN AN AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THE
26 CREDIT APPLIED FOR BY THE APPLICANT TIMES A FRACTION:

27 1. THE NUMERATOR OF WHICH IS THE MAXIMUM
28 SPECIFIED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH; AND

29 2. THE DENOMINATOR OF WHICH IS THE TOTAL OF
30 ALL CREDITS APPLIED FOR BY ALL APPLICANTS UNDER THIS SECTION IN THE
31 CALENDAR YEAR.

32 (3) BY DECEMBER 15 OF THE CALENDAR YEAR FOLLOWING THE
33 END OF THE TAXABLE YEAR IN WHICH THE QUALIFIED PREPARATION EXPENSES
34 WERE INCURRED, THE DEPARTMENT SHALL CERTIFY TO THE INDIVIDUAL OR

1 CORPORATION THE AMOUNT OF TAX CREDITS APPROVED BY THE DEPARTMENT
2 FOR THE INDIVIDUAL OR CORPORATION UNDER THIS SECTION.

3 (4) TO CLAIM THE APPROVED CREDITS ALLOWED UNDER THIS
4 SECTION, AN INDIVIDUAL OR CORPORATION SHALL:

5 (I) FILE AN AMENDED INCOME TAX RETURN FOR THE
6 TAXABLE YEAR IN WHICH THE COSTS WERE INCURRED; AND

7 (II) ATTACH A COPY OF THE DEPARTMENT'S
8 CERTIFICATION OF THE APPROVED CREDIT AMOUNT TO THE AMENDED INCOME
9 TAX RETURN.

10 ~~(D)~~ (E) ON OR BEFORE DECEMBER 1, 2013, AND EACH DECEMBER 1
11 THEREAFTER, THE COMPTROLLER SHALL REPORT TO THE GOVERNOR AND,
12 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL
13 ASSEMBLY REGARDING THE CREDIT ALLOWED UNDER THIS SECTION,
14 INCLUDING THE NUMBER OF TAXPAYERS WHO HAVE CLAIMED THE CREDIT AND
15 THE AMOUNT ALLOWED AS CREDITS.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,
18 2011.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.